

**USING DIGITAL WATERMARKS TO FACILITATE**  
**COUNTERFEIT INSPECTION AND INVENTORY MANAGEMENT**

Abstract of the Disclosure

The present invention relates to an anti-counterfeiting and inventory management system. The backbone of the system is a digital watermark. Merchandise includes a digital watermark having an identifier, which is used to link to information regarding the merchandise. Inspectors test merchandise for an embedded watermark. The absence of a watermark alerts the inspector to a potential counterfeited item. The inspector can record inspection details in the database. In another embodiment, a digital watermark-based system is used to track inventory as it moves in distribution channels.